



IRA A. JACKSON
COMMISSIONER

The Commonwealth of Massachusetts
Department of Revenue
Leverett Saltonstall Building
100 Cambridge Street, Boston 02204

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You ask whether dividends from the
("Fund") are subject to Massachusetts income
tax.

The Fund is a regulated, open-end, diversified investment company incorporated under the laws of Maryland and registered under the Investment Company Act of 1940. It has qualified and intends to continue to qualify as a regulated investment company under the Internal Revenue Code. The Fund invests predominantly in United States Treasury bills and notes. All of the Fund's net income is declared as dividends daily. For federal income tax purposes the dividends are taxable to shareholders as ordinary income.

Under Massachusetts law a dividend is any item of federal gross income which is a dividend under Section 316 of the Code. (G.L. c. 62, § 1(e)).

For Massachusetts income tax purposes gross income is federal gross income with certain modifications not here relevant. (G.L. c. 62, § 2(a)).

Massachusetts law has no provision exempting corporate dividends derived from investments in United States government obligations.

Dividends paid to shareholders by the Fund are included in federal gross income and therefore included in the Massachusetts gross income of Massachusetts residents.

Very truly yours,

IRA A. Jackson

Commissioner of Revenue